



House of Representatives

General Assembly

File No. 239

January Session, 2011

House Bill No. 6108

House of Representatives, March 28, 2011

The Committee on Planning and Development reported through REP. GENTILE of the 104th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING REGIONAL COLLABORATION INCENTIVE PAYMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2011*) (a) For purposes of this
2 section:

3 (1) "Agreement" means an interlocal agreement pursuant to sections
4 7-339a to 7-339l, inclusive, of the general statutes, a cooperative
5 arrangement pursuant to section 10-158a of the general statutes or any
6 other agreement between two or more municipalities or boards;

7 (2) "Municipality" means any town, city or borough, consolidated
8 town and city or consolidated town and borough; and

9 (3) "Board" means any local or regional board of education.

10 (b) For fiscal years commencing on or after July 1, 2011, any
11 municipality or board shall receive a regional collaboration incentive
12 payment when (1) such municipality or board is eligible to receive a

13 state grant or other aid pursuant to any provision of the general
 14 statutes; (2) the grant or aid is provided for the purpose of assisting the
 15 municipality or board in providing a municipal or educational service;
 16 (3) the municipality or board reduces the amount of the grant or aid
 17 for which it would otherwise be eligible by entering into an agreement
 18 to provide the service; and (4) the agency responsible for administering
 19 the grant or aid can calculate the amount of the savings realized by the
 20 state as a result of the agreement.

21 (c) The agency responsible for administering the grant or aid shall
 22 issue regional collaboration incentive payments to a municipality or
 23 board entitled to receive such payments under subsection (b) of this
 24 section. Regional collaboration incentive payments shall be issued in
 25 the fiscal year in which the state realizes a savings as a result of an
 26 agreement and shall be equal in amount to half of the difference in the
 27 amount the municipality or board would have received in such fiscal
 28 year as a grant or aid but for the savings realized as a result of the
 29 agreement and the amount the municipality or board did receive in
 30 such fiscal year as a grant or aid.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2011	New section

PD *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Various State Agencies	Various - Savings	See Below	See Below

Municipal Impact:

Municipalities	Effect	FY 12 \$	FY 13 \$
Various Municipalities	Revenue Gain/Savings	See Below	See Below

Explanation

Any municipality or board of education, receiving a state grant or other aid pursuant to any provision of law, for municipal or educational service, for which the administering agency can calculate a savings amount due to an interlocal agreement, will receive one-half of the calculated amount in the fiscal year in which the state realizes the savings. The state would forego one-half of the savings, which would otherwise have lapsed in full, unless the agency is required by law to distribute any unobligated funds within a specific appropriation (see below), or chooses to expend the amount for other purposes.

Under current law, municipalities may enter into interlocal agreements. However, creation of the incentive payments may encourage the establishment of additional agreements. This would result in savings to the state that might otherwise not have occurred.

Currently, any of the education grants applicable to the bill are capped (either statutorily or by appropriation). Therefore, any individual municipal savings would get redistributed through the affected grant's formula, which would not result in a realized savings

by the state or additional incentive payments to municipalities. If the grants were to be uncapped, the State Department of Education would calculate the savings and would lapse any unspent funds. However, the bill would redistribute fifty percent of that calculated savings back to the towns, through incentive payments. This would result in a reduced savings to the state and a corresponding increase in revenue to various municipalities.

Similarly, major grants to towns administered by the Office of Policy and Management, such as

- Mashantucket Pequot and Mohegan payments,
- Distressed Municipalities grant,
- Payment-in-Lieu of Taxes (PILOT) for state owned property; private colleges and hospitals; and manufacturing, machinery and equipment,

are also capped and subject to redistribution requirements. The impact to the Office would be as described above for the SDE.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 6108*****AN ACT CONCERNING REGIONAL COLLABORATION INCENTIVE PAYMENTS.*****SUMMARY:**

This bill requires the state to make regional collaboration incentive payments to a municipality or local or regional board of education for measurably saving money through agreements with other municipalities or boards to share services. The payments must equal half the difference between the grant or aid amount the municipality or board would have received without the agreement and the amount it did receive because of an agreement.

The bill defines “agreement” as an interlocal agreement, a cooperative arrangement, or any other agreement between two or more municipalities or boards (see BACKGROUND). A “municipality” includes any town, city, borough, consolidated town and city, or consolidated town and borough.

Under the bill, beginning July 1, 2011, a municipality or school board must receive a regional collaboration incentive payment when the municipality or board (1) is eligible to receive a state grant or other aid under state law that assists in providing a municipal or educational service and (2) reduces the grant or aid amount for which it would have been eligible by entering into an agreement to provide the service.

When the state agency responsible for administering the grant or aid is able to calculate the amount the state saves from the agreement and the above criteria have been met, it must issue a regional collaboration incentive payment to the municipality or board. The agency must issue such payments in the fiscal year in which the state

realized savings from an agreement, beginning in FY 12.

EFFECTIVE DATE: July 1, 2011

BACKGROUND

Interlocal Agreements

The law allows towns, local government units, and service districts to perform a wide range of municipal functions and services jointly through interlocal agreements (CGS § 7-339a – 339l).

Education Agreements

The law allows municipalities to establish cooperative arrangements to provide school accommodation services, programs, or activities (CGS § 10-158a).

Agreements in General

The law authorizes towns to act collaboratively in several ways. CGS § 7-148cc gives towns blanket authority to perform jointly any function that any statute, special act, charter, or home-rule ordinance allows them to perform individually. It allows them to do so by adopting an agreement the same way they adopt ordinances or budgets. Participating municipalities must renew an agreement every five years.

Specific statutes also allow towns to collaborate on specific services without creating an entity to do so. For example, they can establish a regional property revaluation program (CGS § 12-62q) or purchase employee health insurance (CGS § 7-464b).

Related Law

The law authorizes state grants for towns that regionally deliver services. Under the Regional Performance Incentive Grant Program, the Office of Policy and Management awards grants to regional entities to provide a local service on a regional basis (CGS § 4-124s). They have included (1) information technology, (2) administrative services, (3) public safety, (4) human services, and (5) public works-related services. The program has not been funded since FY 08.

Related Bill

HB 5870, reported favorably by the Planning and Development Committee, establishes a single process through which towns can collaborate on municipal functions. Under current law, towns and municipal bodies can enter into (1) a joint agreement to perform jointly any function the law allows them to perform individually or (2) an interlocal agreement to collaborate on specified municipal functions and services. The bill allows them to collaborate on any function the law allows them to perform individually using the statutory process for interlocal agreements.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 19 Nay 0 (03/11/2011)